DAUFUSKIE ISLAND UTILITY COMPANY, INC.

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Testimony of Eric Johanson

Before the South Carolina Public Service Commission

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Q. Please state your name and business address.

A. Eric Johanson, P.O. Box 23527 Hilton Head Island, SC 29925

Q. By whom are you employed and in what capacity?

A. Daufuskie Island Utility Company ("DIUC"); Chief Operator.

Q. How long have you been employed by DIUC?

A. 13 Years.

Q. Please state your professional work experience (water and wastewater training courses, licenses, previous employment, etc).

A. I presently hold state certifications for biological wastewater treatment, water treatment and water distribution and have attended numerous educational and training courses to keep my certification current. My work experience includes:

W.A.S.T.E. INC. - contracted to perform daily operations and maintenance of privately owned wastewater package plant.

Broad Creek Public Service District - Licensed Wastewater Operator at activated sludge, extended aeration treatment plant.

Beaufort/Jasper Water & Sewer Authority - Licensed Water Operator at Water Treatment Plant.

Daufuskie Island Utility Company - Chief Operator responsible for the operations and maintenance of two Wastewater Treatment Plants (aerated lagoon systems) and their associated collection systems, the operations and maintenance of seven potable water wells and their associated distribution systems.

Q. In addition to your work with DIUC were you asked by DIUC's management to also operate Melrose Utility Company ("MUC") after it filed for bankruptcy and prior to its merger with DIUC?

A. Yes. MUC owned and operated four potable water wells, and its distribution systems. In addition, they also owned and operated twenty wastewater lift stations which are connected to the wastewater treatment plant located in Haig Point. The well houses needed structural repairs and the hydropneumatic tanks located at each location are in need of refinishing. Emergency standby generators located at two well sites did not run in automatic mode. A survey of the twenty wastewater lift stations indicated that approximately twenty-five percent of them were not running in full duplex mode (operating on one pump only). MUC did own one utility vehicle which was well past its normal service life.

Q. Please describe DIUC's water and wastewater systems and operations.

A. DIUC owns and operates two wastewater treatment plants, their associated collection systems, seven potable water wells and their distribution systems which include an elevated water storage tank. The wastewater plant located in Haig Point serves both Haig Point and Melrose communities. The plant is an aerated lagoon system and has a design capacity of 640 thousand gallons per day. The maintenance routines performed by the operator would include trouble shooting and repair of any malfunctioning equipment, conducting the daily collection and testing of effluent water samples to determine the performance of the plant and the general maintenance of the facility.

The wastewater collection system consists of 57 lift stations equipped with either submersible solids or grinder pumps which vary in size from 2.4 to 20 horsepower. The lift stations are inspected on a bi-weekly basis and the maintenance routine would include troubleshooting and repair of any motor control problems, repairing or replacing malfunctioning pumps, and general maintenance such as cleaning wet well and control floats. The station would also require landscaping in the growing season.

The wastewater plant located in Bloody Point serves the Bloody Point and Beach Field communities. It is an aerated lagoon system with a design capacity of 80 thousand gallons per day. Its collection system consists of 4 lift stations which vary in size from 2.4 to 10 horsepower. The maintenance routines performed on this plant and its lift stations would be the same as mentioned above.

The two water distribution systems serve the Haig Point, Melrose and Bloody Point communities. The system serving Haig Point consists of two wells with pumping capacity of 400 gallons per minute (GPM) and one well with a capacity of 600 GPM. The system's pressure is maintained by a 125 thousand gallon elevated storage tank. The water system serving Melrose and Bloody Point consists of four wells, two with a 300 GPM capacity and two wells with a 1000 GPM capacity. The system pressure is maintained with four hydropneumatic tanks (two-5000 gal and two-10000 gal). Daily routines include inspection of the well site and the recording of data required by state regulations. The chlorine residual is also tested to ensure proper disinfection of the systems. All general maintenance issues would be addressed as needed.

There are often many times when the utility company will have to defer maintenance when requiring the services of an outside contractor or the replacement of expensive equipment. A majority of our equipment has been repaired over the years and is likely at the end of its service life. Many of our lift stations are operating with equipment which is original (25 to 30 years) and have been repaired numerous times. Consideration must be given to their replacement. We anticipate that the rate increase will enable us to hire contractors to perform major overhauls (replacing piping and valves, etc) when needed. When equipment fails at our treatment plants we have to defer the replacement until we have the finances to cover the cost. Contractors that would provide services such as calibrating instruments and servicing stand-by generators will not respond to

our requests for service if our account with them is not current.

Q. How many operating employees are now working under your direction?

A. Two.

Q. Is there a need for additional operators?

A. Yes. To effectively operate and maintain the various facilities owned by the utility company, additional personnel would be required. Basically, when MUC was merged with DIUC, it doubled our service area. In addition, it is extremely difficult to provide adequate coverage on a seven day basis with only three employees. The lack of adequate employee coverage also presents safety issues. For example, on alternate weekends, we have only one staff member on duty.

Q. When is the last time you and the other employees had a raise?

A. Approximately 8 years ago.

Q. Are you familiar with the list of capital improvements that Mr. Guastella has discussed in his testimony?

A. Yes.

Q. Did you prepare that list and review it with Mr. Guastella during one of his inspections?

A. Yes.

Q. Are the items in that list necessary in the short and long run in order to continue to provide good service to the customers?

A. Yes.

Q. Does that conclude your testimony at this time?

A. Yes.